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COPY NO. 50

OCI NO. 1788/58

8 May 1958

CURRENT INTELLIGENCE WEEKLY SUMMARY



DOCUMENT NO. 9

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☐ DECLASSIFIED

CLASS CHANGED TO: TS

NEXT REVIEW DATE: 1989

AUTH: HR 70-2

DATE: 20 May 79 REVIEWER:

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CENTRAL INTELLIGENCE AGENCY
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17- 228514

State Department review completed

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CONFIDENTIAL**CURRENT INTELLIGENCE WEEKLY SUMMARY****8 May 1958****THE WEEK IN BRIEF****PART I****OF IMMEDIATE INTEREST****YUGOSLAVS BRANDED ANTI - MARXIST-LENINIST Page 1**

Moscow republished on 6 May in Pravda the savage condemnation the Chinese Communists hurled at the Yugoslavs two days earlier, indicating that the USSR has decided the Yugoslav ideology can no longer be tolerated in the Communist world on any terms acceptable to Belgrade. Soviet attempts through "comradely" exchanges to have the Yugoslav party's controversial program revised apparently have been abandoned, and the Yugoslav leaders are being branded as "out-and-out revisionists" and "anti-Marxists." The Chinese Communists have made it clear to Belgrade that Peiping entirely disapproves of "national Communism," and at the same time have dispelled any hopes among Eastern European leaders that Peiping would support their efforts to attain freedom from Soviet control. [REDACTED]

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SOVIET SUMMIT TACTICS Page 2

The aide-memoire Foreign Minister Gromyko presented to the three Western ambassadors on 5 May clears the way for separate negotiations with them. Gromyko is likely to argue that the extensive agenda proposals the USSR has made in the series of notes sent since December should be used as a basis for negotiations leading to an early foreign ministers' meeting. Moscow apparently is still concentrating its efforts on a parity plan that would include three states from each side at a summit meeting and probably still hopes to include some neutral representation also. [REDACTED]

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FRENCH POLITICAL CRISIS Page 3

The new breakdown in Rene Plevén's efforts to form a French government underscores the continuing difficulty of resolving non-Communist party differences over the Algerian issue. Meanwhile, France's economic and social problems show new signs of worsening, and critics of the regime, who so far in the 23-day-old crisis have been relatively quiet, may renew their attack on the weakness of the Fourth Republic. [REDACTED]

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PART I (continued)

INDONESIA Page 4

Military operations by North Celebes dissidents against government targets in East Indonesia are continuing.

Djakarta, meanwhile, is pushing its own preparations

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PART II

NOTES AND COMMENTS

MIDDLE EAST DEVELOPMENTS Page 1

Political tension remains high in Lebanon

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President Chamoun now seems certain to run again. Internal subversion in the Aden area now appears to be as serious a problem as the border incursions from Yemen, and the British may find it necessary to strike at Yemen itself to obtain surcease. Factionalism is coming to the surface in the Syrian region of the United Arab Republic during President Nasir's visit in the Soviet Union.

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NASIR'S VISIT TO USSR Page 2

UAR President Nasir is making a 10-day, 5,000-mile sightseeing tour of the USSR carefully tailored to his immediate interests and his Moslem background. Moscow has given the visit top press and radio coverage, with an especially large volume of reporting and commentary directed to Arab audiences. The official communiqué on 15 May probably will announce merging of the Soviet loans previously made separately to Egypt and Syria and an easing of payment terms.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****8 May 1958****PART II (continued)****MAY DAY CELEBRATIONS IN THE SINO-SOVIET BLOC Page 4**

The peaceful coexistence theme at the May Day celebration in Moscow set the tone for the occasion elsewhere in the bloc, and the traditional parades were much less spectacular than in other years. A protest against flights of American aircraft over the Arctic was echoed in other bloc capitals and the rearmament of West Germany was denounced in East Germany and Prague. Only East Germany among the European satellites included military participation in its parade. Although the armed forces took part in the festivities in North Vietnam, the military theme was generally played down in the Far East.

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NEW EAST GERMAN ECONOMIC MEASURES TO BE ANNOUNCED Page 5

The end of food rationing and the introduction of a new wage system, possibly accompanied by increased work norms, may be announced at the fifth congress of the East German Socialist Unity (Communist) party in July. The measures are likely to cause a rise in food prices and a reduction in wages, thus lowering the standard of living and adding to the general antipathy of the workers toward the Ulbricht regime.

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SOVIET DIPLOMATIC TACTICS IN NORTH AFRICA Page 6

Moscow has recently sharpened its public criticism of French actions in Algeria. Concurrently Soviet diplomats in Paris have maintained their campaign to increase French suspicion of American policy in North Africa, and are privately expressing support, particularly to right-wing elements, for France's continued presence in the area. These tactics appear designed to prolong the Algerian conflict, which Moscow is exploiting for long-term strategic advantages.

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EGYPTIAN INFLUENCE GROWING IN LIBYA Page 7

Egypt's anti-Western campaign in Libya appears to be gaining momentum. Libyan newspapers and schoolteachers and pro-Egyptian elements in the Libyan Government have joined Cairo radio in aiming an almost constant barrage of criticism at the pro-Western stand of the government. In particular, they are attacking the American aid program and the presence of American military installations in the country. Partly in response, the cabinet may demand renegotiation of the base agreement.

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PART II (continued)

GREEK ELECTIONS Page 9

The attempt by the USSR to influence the Greek elections of 11 May with its promises of economic aid and threats of possible atomic destruction if missile bases are located in Greece is not expected to have a significant effect on the electorate. As the relatively quiet campaign draws to a close, most observers believe the right-center party of former Premier Karamanlis will receive a large plurality--and possibly a strong working majority--in the new parliament. The Communist-front United Democratic Left probably will finish behind both Karamanlis' party and another pro-Western center party, the Liberals. [REDACTED]

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NORTH VIETNAM'S NATIONAL ASSEMBLY CONCLUDES SESSION . . . Page 9

The recent session of the North Vietnamese assembly elevated to top government positions individuals favoring "hard-line" policies. The assembly also enacted measures to tighten Hanoi's grip over the provincial administrations and strengthen its hand in economic affairs. Details of the Three-Year Economic Plan (1958-60) presented to the assembly have not been released, but earlier statements indicate that expansion of food production will be stressed and that there will be strong pressures to step up collectivization of agriculture and socialization of industry. [REDACTED]

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PEIPING'S TRADE WITH FREE WORLD CONTINUES UPWARD TREND . . . Page 10

Although Communist China continues to rely on imports of bloc equipment for its major industrial undertakings, it is turning to non-Communist sources to fill its growing requirements for machinery. Communist China's total foreign trade in 1957 was less than in 1956, but its trade with the free world last year apparently increased slightly over the \$1.09 billion estimated for 1956. [REDACTED]

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JAPANESE NATIONAL ELECTIONS. Page 11

The Socialists are expected to make some gains in the Japanese general elections on 22 May, but not enough to endanger conservative control of the lower house. A Socialist advance of more than 20 seats, however, could lead eventually to the replacement of Prime Minister Kishi as government and party leader, and stimulate a trend toward neutralism and closer relations with the Communist bloc. [REDACTED]

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PART II (continued)**BURMESE GOVERNMENT SPLIT OVER PERSONAL RIVALRIES Page 12**

The long-smoldering personal antagonism between Burmese Prime Minister U Nu and Deputy Prime Minister Kyaw Nyein has resulted in an open split in the government Anti-Fascist People's Freedom League. Parliament is to meet in special session on 5 June to debate a no-confidence motion brought against U Nu by Kyaw Nyein. Unless the breach is healed, Burma will be threatened by intensified political instability as the resulting government, whether formed by Kyaw Nyein or U Nu, would be either a minority government or a coalition including elements of the present opposition, and would command only a small majority. [REDACTED]

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JAGAN EXTENDS COMMUNIST INFLUENCE IN BRITISH GUIANA . . . Page 13

Since his electoral victory of last August, Cheddi Jagan, long-time Communist leader of the People's Progressive party in British Guiana, has followed moderate policies as leader of the colonial government. [REDACTED]

[REDACTED] His long-range trouble-making potential is enhanced by recent overtures made to him by rival political groups of the new West Indies Federation, each of which hopes it may secure his support if he brings the colony into the federation. [REDACTED]

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GUATEMALANS DISILLUSIONED WITH NEW PRESIDENT Page 15

The Guatemalan public is becoming disillusioned with President Ydigoras, hardly two months after his inauguration. He has not provided the able leadership expected and has yet to tackle any major economic or political problem. His campaign for the "return" of British Honduras is purely diversionary. While no immediate threat to the regime is apparent, continuation of the present drifting would further enhance growing leftist strength and seriously imperil Ydigoras' chances of serving his full six-year term. [REDACTED]

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CURRENT INTELLIGENCE WEEKLY SUMMARY

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PART II (continued)

FRONDISI'S FIRST MOVES IN ARGENTINA Page 16

Frondizi used both his 1 May inaugural address and his first act as President to underline the seriousness of Argentina's economic situation. The USSR's visiting delegation reportedly urged that Argentina "follow the example of Egypt and India," apparently a reference to Soviet credits for basic industries on easy terms. Frondizi, however, hopes to receive American assistance; he expressed to Vice President Nixon his desire for prompt US government credits as a means of encouraging private investment. [REDACTED]

THE EUROPEAN COMMON MARKET AND LATIN AMERICA Page 16

The recent offer of the six members of the European Common Market to set up permanent consultative machinery with various Latin American countries seems to be an effort to mitigate the fears of underdeveloped countries generally that their exports to Europe will be curtailed. When the tariff provisions of the Common Market take effect next January, these countries will be competing with colonial territories in Africa which are included in the new trading area. [REDACTED]

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HAMMARSKJOLD'S INTERVENTION IN THE UN SECURITY COUNCIL . . Page 18

The UN secretary general's statement on 29 April on behalf of the American-proposed Arctic inspection plan is unlikely to affect in the long run his standing as an independent and impartial negotiator in world affairs. Although his action has been described as an unprecedented break in his impartiality, most observers now probably agree that the "calculated risk" he took was in keeping with his mandate under the UN Charter--a mandate he has interpreted liberally in the past. [REDACTED]

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PART III

PATTERNS AND PERSPECTIVES

MIDDLE EAST MENACED BY DROUGHT AND LOCUSTS Page 1

The worst drought in over 20 years, accompanied by the heaviest locust infestation in over a decade, threatens to bring near-famine conditions in some countries of the Middle East this summer. Most seriously affected are Jordan, Syria, Israel, Lebanon, and Saudi Arabia. Crop failures will bring economic and political problems in their wake, especially in the UAR and Jordan. [REDACTED]

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PART III (continued)

ITALY'S NATIONAL ELECTIONS Page 3

Italy's national elections on 25 and 26 May are expected to produce no major shifts in the voting strengths of the principal parties. There seems little doubt that the Christian Democratic party, though remaining the leading party, will still be unable to form a majority government by itself, and that the Communists and Nenni Socialists will together retain the support of about a third of the electorate. Party alliances have loosened since 1953, however, and factions within parties differ considerably on the forming of new party ties. The relative showing of these factions, therefore, may signal long-term changes in the Italian political scene. [REDACTED]

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Moscow republished on 6 May in Pravda the savage condemnation the Chinese Communists hurled at the Yugoslavs two days earlier, indicating that the USSR has decided that the Yugoslav ideology can no longer be tolerated in the Communist world on any terms acceptable to Belgrade. Soviet attempts through "comradely" exchanges to have the Yugoslav party's controversial program revised apparently have been abandoned, and the Yugoslav leaders now are being branded as "out-and-out revisionists" and "anti-Marxists."

During the Yugoslav party congress, bloc party spokesmen clearly indicated they hoped the Yugoslavs would concede much of their heretical ideology for the sake of maintaining a position within the Communist world. Poland and subsequently Hungary, whose party leaders seem to be sympathetic toward Yugoslavia's desire to follow its own "road to socialism," made special efforts to effect changes in the Yugoslav program. In view of the obvious unity of the delegates at the Yugoslav congress in endorsing divergencies from Moscow, however, the parties of the Sino-Soviet bloc have subsequently said little concerning the continuation of good party or state relations. While the Chinese Communist attack still leaves the door open for Tito to regain the status of a respectable Communist, it demands in effect the abandonment of the entire ideological basis of the Yugoslav "road to socialism."

In the bloc's sharpest rebuke to the Yugoslav program, the Chinese party newspaper on 4 May accused the Yugoslav leaders of speaking "like the reactionaries of all countries" and described their "road to socialism" as "surrender to capitalism." In a key passage, the statement stressed that the Yugoslav ideas, which are aimed at undermining bloc "unity," must be "openly and uncompromisingly criticized." The Peiping party's position, as set forth in its theoretical journal, is that allegiance to the USSR is the "foundation stone" of bloc unity, and that demands for "equality must not be set up against" this unity.

The heretical Yugoslav draft party program provided the Chinese Communists with an opportunity to remove any doubt in Belgrade that Peiping entirely disapproves of "national Communism" and to dispel any hopes among Eastern European leaders that Peiping would support their efforts to attain freedom from Soviet control. The blunt Chinese statement was probably also calculated to convince the Poles that they cannot expect any support from Communist China for a course independent of Moscow.

Peiping for some time has been careful to avoid encouraging Gomulka and his more radical supporters who in the past interpreted Chinese statements and developments as support for their own views. The Chinese portray Mao Tse-tung's theoretical innovations as a continuation rather than refutation of

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Soviet doctrine, and Soviet experience is extolled in China. Speakers at the Chinese Communist party congress now in session are expected to stress the need for attacking the divisive aspect of Belgrade's concepts and to defend the indispensability of Soviet leadership.

While spokesmen for both the bloc and Yugoslavia may continue to pay lip service to the maintenance of correct state relations, an intense ideological attack on Tito as initiated and called for by the Chinese Communists cannot help but lead to a marked deterioration in Yugoslav-bloc

relations. No specific date has been announced as yet for the visit of President Voroshilov, who is still expected in Belgrade before mid-May. Since this visit is considered purely a state function, it may still materialize. In view of the condemnation of Tito as an "irreconcilable enemy" of Marxism-Leninism, however, the realization of the "party-state" visit Tito has scheduled for late May to Warsaw has been made more difficult. There now can be little doubt that Gomulka, touring Eastern Europe and espousing the unity of the Communist world, is uneasy over the prospects of conversing with the heretic Tito.

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SOVIET SUMMIT TACTICS

The aide-memoire Foreign Minister Gromyko presented to the three Western ambassadors on 5 May clears the way for separate negotiations with them. Gromyko is likely to argue that the extensive agenda proposals it has made in the series of notes sent since December and reportedly summarized in detail in a separate memorandum given the ambassadors on 5 May should be used as a basis for negotiations leading to an early foreign ministers' meeting.

Previous Soviet agenda proposals have been broad enough

to include virtually all topics suggested by the West except Eastern Europe, which the USSR adamantly refuses to discuss. While the USSR will not accept German unification as a separate agenda item, it anticipates that the West will discuss this under the German peace treaty topic.

Although the USSR is still apparently seeking to avoid detailed negotiations at the ambassadorial level and to expedite a foreign ministers' meeting and subsequently a summit conference, it probably does not expect that a summit meeting will be arranged

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quickly. A Soviet UN official, who in late March was urging a summit meeting before the American elections, now suggests privately that December is a suitable date.

Although Soviet diplomats have reportedly discussed Turkish participation in a summit meeting with officials in Ankara, Moscow apparently is still concentrating its efforts on a parity plan that would include only three states from each side. Poland and Czechoslovakia remain the Soviet candidates. The USSR had given the Western powers the choice of separate ambassadorial meetings or a six-nation joint meeting, but the 5 May aide-memoire criticized

the West for rejecting Polish and Czech participation.

The USSR probably still hopes to include some neutrals at a summit meeting also. Following his 5 May meeting with the three ambassadors, Gromyko met with ambassadors from all the bloc states and from Sweden, India, and Yugoslavia, as he did following his first meeting with the Western ambassadors in mid-April. This technique not only emphasizes the Soviet claims for parity and neutral representation at the summit but inhibits the Western effort to conduct secret negotiations with the USSR at the ambassadorial level.

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FRENCH POLITICAL CRISIS

The breakdown in Rene Pleven's efforts to form a French government underscores the continuing difficulty of resolving non-Communist party differences over the Algerian issue. Meanwhile, France's economic and social problems show further signs of worsening, and critics of the present republican regime, who so far in the 23-day-old crisis have been relatively quiet, may renew their attack on the basic weakness of the Fourth Republic.

The paramountcy of the Algerian issue was clearly evidenced as Pleven's effort to pull together a small center coalition, at President Coty's insistence, ran into serious difficulty when Pleven tried to satisfy both left and right in the selection of his cabinet. The continuing reluctance of most major party leaders to participate in his government also complicated his task, as did apparent unwillingness of the Socialists to endorse his expected request for broad

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special powers despite their earlier offer of general support.

Filling the key posts of minister for Algeria and minister of national defense can be expected to be difficult for any prospective premier. The trend in the Socialist party toward a more liberal approach on North Africa has already aroused the suspicion of French residents in Algeria, and their uneasiness will probably buttress rightist and Independent nationalism. At the same time the Algerian question emphasizes differences within the center parties, such as the Radical Socialists and Plevin's Democratic Resistance Union. New military demands for more funds for Algeria and for restoration of the arms production program threaten an early reopening of the bitterly fought defense budget issue.

Meanwhile, the present French economic and social pic-

ture is worsening as the foreign exchange balance dwindles again and as the rising cost of living spurs labor union threats to go all out in strikes for higher wages this month. The 6 May recommendation of the National Accounts Committee that wine, meat, and petroleum be rationed to ease the balance-of-payments difficulties furnishes new political ammunition for the likely clash between the Socialists and Independents over social and economic policies.

Proponents of a move to replace the Fourth Republic may seize on Plevin's political difficulties as typifying the weaknesses of the present system. While President Coty can be expected to move quickly to get a new candidate--possibly a center "dark horse"--to head off any renewed speculation on a coup, rumors of the possible return of General de Gaulle may again spread in Paris.

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INDONESIA

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The dissident radio in Menado announced an air strike

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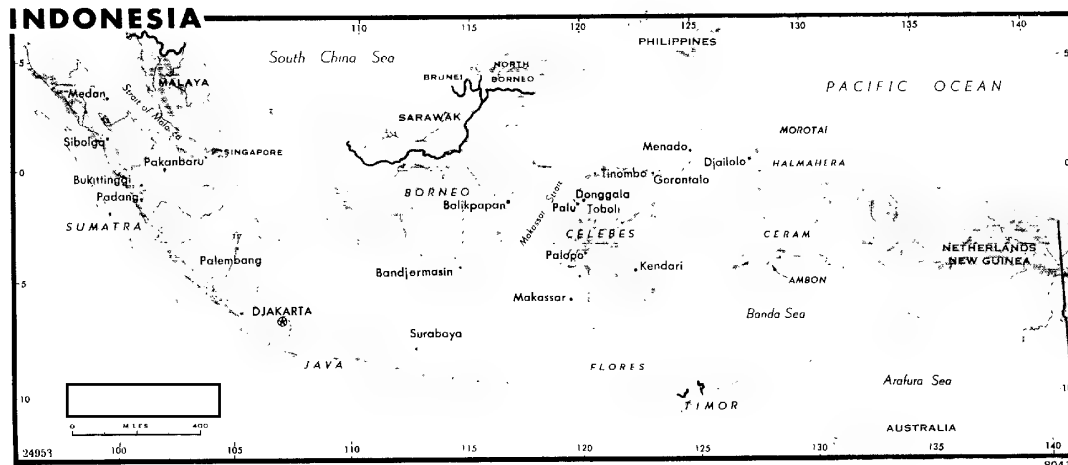
on 7 May, following a brief lull in air activity, against the Ambon air base; two government aircraft and an oil storage dump were said to have been destroyed. The rebel broadcast stated that the dissidents' B-26 did not attack a Garuda Indonesian Airways plane which was taking off but warned that in the future civilian planes would be hit if they continue to use airfields which are rebel targets.

dent Sukarno has publicly stated that if volunteers from one side in the cold war are bombing Indonesia, he can easily invite "volunteers from the other side" to assist him. The army on 6 May arrested a number of persons in Djakarta, reportedly chiefly Chinese Nationalists, on charges of having engaged in "foreign subversive activity."

Prime Minister Djuanda has told the press he is asking leaders of several Asian and African nations to give their attention to the problem of foreign intervention in Indonesia, a development which suggests the government is seriously considering taking the matter to the United Nations. Exploiting the wave of official protests, Secretary General Aidit of the Indonesian Communist party sent a personal telegram on 2 May to the American ambassador in Djakarta. He threatened to encourage action against American interests in Indonesia if "aid, both open and covert...to the rebels is not immediately stopped."

A Communist-led film workers' union claims it is

In the political field, air attacks have brought strong government accusations that American and Chinese Nationalist "volunteers" are piloting rebel planes and supplying the rebels with arms and funds. Presi-

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prepared to undertake a nation-wide boycott of American films if "American intervention" does not cease, and SOBSI, Indonesia's largest and Communist-led trade union federation, has requested the WFTU to sponsor a world campaign condemning "American intervention."

Reported efforts toward an early negotiated settlement between Djakarta and the dissidents appear to face numerous difficulties.

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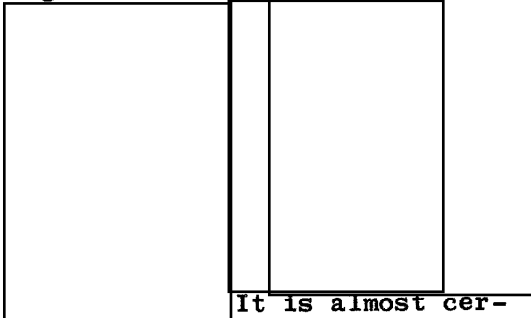
PART II

NOTES AND COMMENTS

MIDDLE EAST DEVELOPMENTS

Lebanon

Political tension remains high in Lebanon.



It is almost certain that Chamoun will again run rather than stand aside for some other pro-Western candidate.

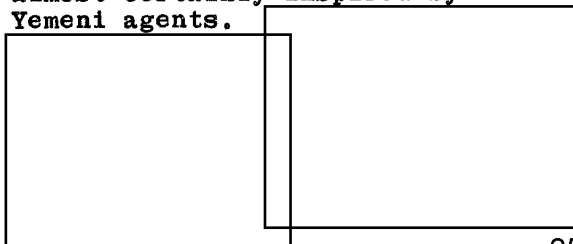
Symptomatic of the height of feeling being aroused was the reception last week given Christian Phalange leader Pierre Gemayal, who returned from a tour as a leader grantee in the United States. Christian elements, led by Foreign Minister Malik, turned the occasion into the biggest Christian demonstration in recent memory. If Moslem elements run true to form, they will seek an occasion for a similar demonstration of their own; developments like these have in the past led to serious clashes. Another symptom of the tension was the assassination on 8 May of the editor of Lebanon's leading pro-Soviet newspaper.

The issue of American aid, which has been agitated for

some time in the Beirut press and parliament by opposition elements, appeared to take on new importance this week with an announcement by Minister of Public Works Hibri that the government would ask the United States for \$170,000,000 during the next six years. Malik had previously suggested privately that the United States grant \$25,000,000 a year for the "initial years" of a six-year development program. Hibri's move is probably designed to advance his own position, taking the public credit for this request himself, but a more subtle effort to pressure the West or appease the opposition may be behind Hibri's statement.

Aden-Yemen Area

The British governor of Aden declared a state of emergency in the colony on 2 May following a one-day attempted general strike and several bomb-throwing incidents, which were almost certainly inspired by Yemeni agents.



The Sultan of Lahej, meanwhile, has been in London expressing his own attitude, which is one of mild Arab-nationalist

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dismay, to the British public through the newspapers.

If the trouble persists, the British may find it necessary to undertake larger scale military or political action to neutralize Yemeni activity.

UAR Problems

Feuding in Syria, however, seems to have come to the surface in the form of a violent press campaign by both right-wing and pro-Soviet newspapers against Socialist party leader Akram Hawrani, a UAR vice president.

The occasion of the attack on Hawrani is a proposed agrarian labor law--a subject on which Hawrani has strong feelings and which arouses fear among conservative landowners.

Hawrani is both Sarraj's principal rival for power in Syria and the leader of the major non-Communist political organization, which, even though officially "dissolved," might come to feel restless under Nasir's control.

Iraqi Election Results

The "general strike" called for by Cairo radio against the Nuri regime in Iraq on the 5 May election day did not materialize. Very minor demonstrations by students were quickly dispersed by the police. With the fragmented opposition boycotting the polls, 129 of the 145 constituencies returned unopposed candidates. Sixteen "independents" who were elected over competition are also labeled as Nuri supporters. The elections made hardly any impression on Baghdad, the general attitude being complete apathy, and they were an indication of the Nuri regime's firm control of the bureaucratic apparatus and the election machinery, rather than any test of its popularity or possession of positive support.

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NASIR'S VISIT TO USSR

UAR President Nasir is making a ten-day, 5,000-mile sightseeing tour of the USSR which will take him to western Siberia, Kazakhstan, Soviet Central Asia, and the Transcaucasus, as well as to such principal European centers as Stalingrad, Kiev, and Leningrad. The tour was

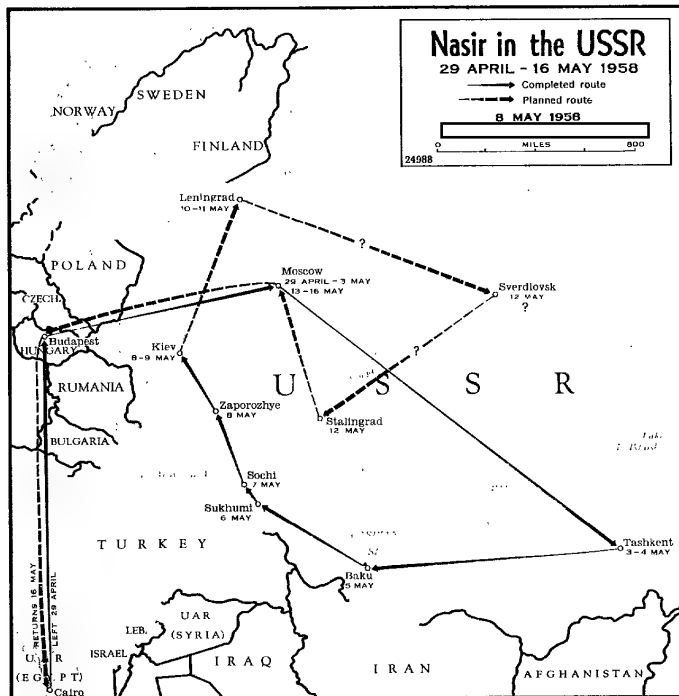
carefully tailored to fit Nasir's immediate interests in economic development and military affairs and to focus attention on centers of Moslem culture in the USSR. He is scheduled to return to Moscow on 13 May for further talks with Soviet leaders, ceremonial dinners, and a speech

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visit and growing Soviet-UAR friendship.

The official communiqué, besides rehashing Soviet-UAR "solidarity" on political issues, probably will announce merging of the Soviet loans previously made separately to Egypt and Syria and an easing of payment terms on existing economic agreements. Bloc efforts to speed implementation of the economic agreements were evident in the visit of ten bloc ministerial-level officials to Cairo on the eve of Nasir's departure and the announcement of the conclusion of num-

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in Moscow Stadium. The joint communiqué and a final reception by President Voroshilov are scheduled for 15 May. The following day Nasir will leave for Cairo by air.

The UAR President has been given the full "red-carpet" treatment--cheering crowds, streets decorated with his portrait and UAR flags, top-level ceremonial dinners--and he was guest of honor at the May Day "Peace Parade." Moscow has devoted heavy press and radio coverage to the visit, with an especially large volume of reporting and commentary directed to Arab audiences stressing the themes of Soviet-UAR friendship and Soviet support for Arab unity. Moscow is charging that the unfreezing of Egyptian funds in the United States and other recent friendly Western actions toward the UAR are merely tactical moves prompted by anxiety over the Nasir

erous individual contracts.

The content of substantive discussions is not being revealed pending the release of the communiqué. The Middle East press, however, has speculated that greater Soviet support for the UAR policy toward Israel is one of the principal subjects to be discussed in Moscow. Nasir's remarks attacking Israel have been rebroadcast in Moscow's Arabic programs. Khrushchev in a speech on 30 April repeated Soviet claims that the USSR was responsible for halting British-French-Israeli aggression against Egypt and preventing Western intervention in Syria, but did not suggest stronger Soviet diplomatic support for the Arabs vis-a-vis Israel.

M. H. Haykal, chief editor of the Cairo newspaper Al Ahram and a frequent spokesman for Nasir, is said to have announced in Moscow that complete agreement

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between Nasir and the Soviet Government has been reached concerning Israel. Another report says that, during his visit, Nasir will announce his

willingness to make peace with Israel in accordance with the 1947 UN resolution--a solution Moscow has favored in the past.

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MAY DAY CELEBRATIONS IN THE SINO-SOVIET BLOC

This year's May Day celebration in Moscow, with its peaceful coexistence theme, was the least spectacular in years. The military portion of the 40-minute parade lasted only 15 minutes, and no new equipment was observed. A steady drizzle may have canceled a planned fly-by of aircraft for which several rehearsals had been held. None of the family of missiles shown in last fall's October Revolution parade appeared, although armored personnel carriers, self-propelled antiaircraft artillery, multiple-rocket launchers, and medium and heavy artillery were shown. Moscow's unexciting show and Defense Minister Malinovsky's protest against flights of American aircraft over the Arctic were echoed in other bloc capitals.

Eastern Europe

Among the East European satellites, only East Germany included military participation in its parade, bringing protests on 3 May from all three Western powers in Berlin. All the military and paramilitary services were represented in a parade in East Berlin, which was described as the most extensive military display since the establishment of the East German Army in 1956. Defense Minister Stoph, in his order of the day, stressed the role of East Germany as a "peace outpost" against West German rearmament. Soviet units based in East Germany did not

participate in the parade but staged an extensive display of military equipment at one of their field training areas. The display included at least one of each type of weapon known to be used by the units at this time.

In Poland, Party Secretary Gomulka delivered a harsh attack on the West before an unenthusiastic audience, and Defense Minister Spychalski stressed Polish brotherhood with the Soviet Army and the unity of the Warsaw Pact forces. In Czechoslovakia, Party Secretary Novotny's speech, which concentrated on the dangers of West German rearmament, was followed by an orderly five-hour parade of labor, student, and other institutional groups. A large military parade will probably be staged on 9 May in connection with Czech Liberation Day festivities.

Hungary, Bulgaria, Rumania, and Albania held orderly parades following speeches by political leaders outlining the successes of labor and echoing the Moscow peaceful coexistence theme. No meetings or parades were held in Yugoslavia, where the annual May Day observance has been postponed until 4 July, the anniversary of the uprising against the nazis.

Asian Communist Countries

Communist China celebrated May Day this year by holding

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the customary parades in major cities. The general theme, as in the past, seemed to be one of proclaiming industrial and agricultural accomplishment, with various worker groups displaying new products ranging from tractors to television sets. Apparently the only military participants in the parade at Peiping were present as observers. For the first time in eight years, Mao Tse-tung, who was inspecting party work in Kwantung Province, was not on the rostrum in Peiping.

Pyongyang's parade was highlighted by columns of workers carrying posters and signs indicating progress in industri-

al expansion and "socialist construction." Premier Kim Il-sung told a mass rally that North Korea would continue its struggle for the withdrawal of American troops from South Korea and the peaceful unification of the fatherland.

The slogans which spanned Hanoi's reviewing stand reflected the program for increased production and economy and called on the people to "smash the plots of the imperialist war-mongers." The armed forces apparently participated in the festivities at Hanoi, Haiphong, and Vinh, but the military theme was generally played down.

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NEW EAST GERMAN ECONOMIC MEASURES TO BE ANNOUNCED

The end of food rationing and the introduction of a new wage system, possibly accompanied by increased work norms, are reportedly to be announced at the fifth congress of the East German Socialist Unity Communist party (SED) to be held in July.

Plans to end rationing have often been announced but not carried out, and the present vigorous drive to collectivize private farm land may complicate this effort by causing further decreases in domestic farm production. East Germany now imports each year about 50 percent or 2,000,000 tons of its grain--almost all of it from the Soviet Union--about 100,000 tons

of meat (half from the West), and 30,000 tons of butter.

The impact of derationing on the East German people would be considerable. Over half the budget of the average family is spent on basic and luxury food items, two thirds of these coming from the rationed lists --meat, sugar, fats, milk, and eggs. Imports of some of the rationed items have recently been increased, suggesting that the regime anticipates heavy buying when restrictions are lifted. The prices of foods reportedly will be set about half way between ration and free-market prices, thus causing a price rise of 100 to 200 percent in such items as butter.

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The public is not generally in favor of lifting controls, but the regime has been prodded by the USSR and a desire to increase its prestige, and foresees the possibility of considerable profit.

A government official is reported to have stated that along with the end of rationing, adjustments must be made in wages and pensions. The regime is determined also to reclassify types of workers in the wage scale and increase work norms despite much opposition. Wages will be raised at the time workers are reclassified, but this measure will probably apply mainly to lower wage groups. Many workers will have to take wage cuts because of their down-

ward classification, and real wages will decrease because of increases in food prices.

The mood of many SED officials on the general question of wages and norms is said to be depressed and many feel that unfavorable worker reaction to earlier attempts to increase work norms calls for a cautious program. Apparently the regime is not loath to raise wages somewhat but, to achieve industrial plan goals, must raise norms in order to increase output and decrease costs. Workers' living standards will be even further reduced if a currency revaluation is also put into effect, as has been reported. [redacted] (Prepared by ORR)

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SOVIET DIPLOMATIC TACTICS IN NORTH AFRICA

Moscow has recently sharpened its public criticism on French actions in Algeria. Concurrently, Soviet diplomats in Paris have maintained their campaign to increase French suspicion of American policy in North Africa, and are privately expressing support, particularly to right-wing elements, for France's continued presence in the area.

[redacted]

Vinogradov also attacked the US-UK good offices mission in the Tunisian dispute as interference in French internal affairs. Vinogradov's statement probably reflects Moscow's genuine concern over possible extension of American influence in North Africa, and is in concert with other Soviet moves to prolong the conflict by stiffening French resistance to any compromise solutions in Tunisia and North Africa, as well as to discredit mediation efforts by the United States and Britain.

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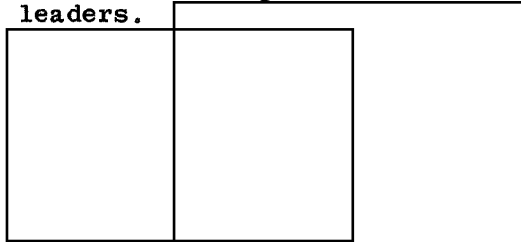
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Foreign Minister Gromyko's 3 March note to Pineau explained that sympathy for Algerian nationalism by "Soviet public figures" at the Afro-Asian Solidarity Conference "causes no harm to the interests of France since the speeches referred only to the outlived policy of colonialism, to which many prominent statesmen in France herself are objecting." The first Soviet broadcasts beamed specifically to Africa, which began on 19 April, took up the old theme charging that the United States was attempting to replace the "old colonial" powers in the area.

Khrushchev made the strongest attack on French policy to date in a speech on 14 March. He said the "conscience of mankind" could no longer tolerate the war in Algeria and that it was time to "stop the bloodshed and contribute to reaching agreement on the Algerian question in accordance with the interests of the Algerian population, while taking into account the interests of France." The sharp tone of Khrushchev's remarks was intended to increase Soviet prestige in Arab eyes as an anti-imperialist power, and probably to intimate renewed support for the rebels following recent threats by the

Algerians that they may seek aid in the East.

The USSR may also be seeking to develop closer direct relations with Algerian rebel leaders.



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The USSR apparently assumes that prolongation of the Algerian conflict carries long-term strategic advantages for Moscow, and present Soviet tactics are flexibly designed to exploit a continuation of the dispute. The growing strains on France's relations with its NATO allies, the drawing off of French troops from Europe, and the aggravation of domestic troubles through increasingly heavy war costs all work to Soviet advantage. In addition, Moscow gains time to exploit the FLN's need for arms and allow its more radical elements to bid for control, and to permit Communist groups throughout North Africa to build up pressures for a united front with the dominant nationalist forces.

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EGYPTIAN INFLUENCE GROWING IN LIBYA

Egypt's anti-Western campaign in Libya appears to be gaining momentum. Libyan newspapers and schoolteachers and pro-Egyptian elements in the Libyan Government have joined Cairo radio in aiming an almost constant barrage of criticism at the pro-Western stand of the

government and, in particular, the American aid program and the presence of American military installations in the country. Partly as a result of this pressure--though mainly for economic reasons--the Libyan cabinet is reported to have decided to demand renegotiation of the

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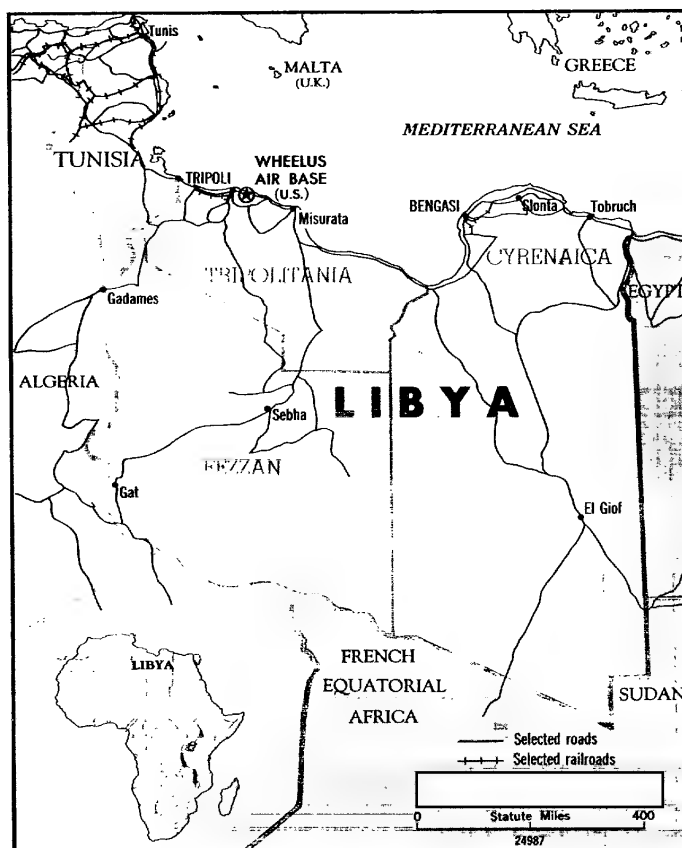
Libyan-American base agreement.

Libyan newspapers, despite government efforts to silence them, have vigorously criticized the air base rights granted the United States and allege a lack of progress in the Libyan-American development program. The sharp and mounting questioning of government policy by pro-Egyptian members of the parliament is a new development. Cairo's propaganda concerning nuclear weapons is echoed in Libya, with specific charges that planes operating from the American Wheelus Air Base near Tripoli carry atom and hydrogen bombs. The government is accused of allowing American missile-testing to threaten the safety and property of Libyans.

Egyptian school-teachers in Libya are reported to be warning their students of the danger threatening Libya, in the event of war, because of the presence of the American air base. Their influence on student opinion probably has been instrumental in increasing the popular resentment against the government's cooperation with the West.

In the western province of Tripolitania, the local government is already markedly pro-Egyptian. In Cyrenaica, bordering Egypt, subversive activity is said to have risen recently, along with agitation for union with Nasir's United Arab Republic.

King Idriss' antipathy toward Nasir and the retention of royal control over the well-organized security forces probably rule out any attempt to displace the government in the near future. However, Egypt is building a reservoir of popular anti-Western sentiment which could bring about drastic new alignments in Libya when the aging King dies.

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GREEK ELECTIONS

The USSR has dramatically revived foreign policy issues in the political campaign preceding the Greek national elections on 11 May. Premier Khrushchev chose 4 May to reply to questions submitted to him some time ago by the publisher of two important Liberal newspapers in Athens. His reply contained a warning that Greece might suffer "atomic retaliation" if missile bases were permitted on Greek soil, and re-emphasized that the USSR continues to support the Greek position on Cyprus. As an inducement to improving relations between Athens and Moscow, Khrushchev reiterated Soviet willingness to aid Greek industrialization.

Khrushchev's statements are unlikely to have a significant effect on the Greek voters, however, and anti-Communist newspapers have already exposed the maneuver as a transparent attempt by the USSR to influence the outcome of the elections.

The electoral campaign has aroused little enthusiasm in Greece, and more interest has been displayed on local issues--particularly economic matters--than on foreign policy. The

two coalitions and three parties in the contest generally agree on the need for immediate self-determination for Cyprus. Spokesmen for the Communist-front United Democratic Left (EDA) and the electoral coalition known as the Progressive Agrarian Democratic Union (PADE) have opposed locating missile bases in Greece. The other parties have indicated a willingness to accept bases if certain conditions prevail, such as prior resolution of the Cyprus issue. Only EDA openly favors neutralism and a break with NATO.

Definite trends of opinion among the Greek electorate are still lacking, and there is a large group of undecided voters. Most observers believe, however, that the National Radical Union (ERE) of former Premier Karamanlis will get at least a large plurality--and probably a majority--in the next Chamber of Deputies. The Liberal party is expected again to be the second strongest party, although its position is being challenged by EDA. PADE and the Populists will probably get 15 to 20 and 5 to 8 seats, respectively. Karamanlis needs at least 160 of the 300 seats in the Chamber of Deputies to form a stable government.

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NORTH VIETNAM'S NATIONAL ASSEMBLY CONCLUDES SESSION

The recent elevation of individuals favoring "hard-line" policies to top positions in the North Vietnamese Government augurs a continuation of the party crackdown on moderates and probably reflects the steadily increasing power of Le Duan, the number-two man in the Hanoi regime. The appointments were announced at the eighth session of the National

Assembly, which also enacted measures to tighten Hanoi's grip on the provinces and strengthen its hand in economic and police affairs.

The appointment of Truong Chinh and Pham Hung as vice premiers marks a decline in the standing of Vo Nguyen Giap, who formerly shared the vice premiership only with the

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elderly and inconsequential Pham Ke Toai. Giap has generally been regarded as one of the more moderate figures in the Hanoi regime. Premier Pham Van Dong may also have suffered a loss of stature; at the National Assembly session, he announced his resignation from the chairmanship of the State Planning Board. Truong Chinh lost his post as party secretary general during the short-lived liberalization experiment in 1956 but has remained an influential figure favoring Stalinist policies. Pham Hung, a protégé of Le Duan, was earlier connected with police work and with subversion against South Vietnam.

To bring the provinces under "direct leadership from the center," the assembly approved a law gradually abolishing the interzones--holdovers from the Indochina war--which served as an intermediate administrative level between Hanoi and the provinces.

The assembly also approved a reorganization of economic ministries designed to permit more effective implementation of Hanoi's economic program. The Ministry of Water Conservancy and Building was split into two ministries, and the Ministry of Commerce into the Ministries of Foreign Trade and of Home Trade. The creation of a Board of National Minorities at the ministerial level reflects the urgency of Hanoi's hereto-

fore unsuccessful efforts to consolidate its authority in the ethnic minority areas.

The assembly heard reports on the 1958 economic plan and budget and on the new three-year (1958-60) plan for economic development. Details have not been released, but the regime has made clear its intention, now that the three-year period of economic rehabilitation is over, to push ahead with transforming its backward country into a modern agricultural and industrial nation organized along "socialist" lines. Over the next three years at least, agricultural production, especially food production, will be the "central task." "Special attention" will be given to light industry in order to raise living standards.

Early versions of the 1958 plan called for an increase in agricultural output of 7 percent. Achievement of this target may prove difficult, since the outlook for the early rice crop--accounting for some 40 percent of the yearly total--has been dimmed by a persistent drought.

Hanoi clearly intends to press a program for socialization of the economy. There have been indications, however, that the regime will proceed gradually but with determination in this direction.

(Prepared jointly with ORR)

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PEIPING'S TRADE WITH FREE WORLD CONTINUES UPWARD TREND

Communist China's total foreign trade in 1957 was less than that in 1956, but its trade with the free world last year registered an increase over the \$1.09 billion esti-

mated for 1956, according to preliminary recorded trade statistics. Although Peiping continues to rely on imports of bloc equipment for its major industrial undertakings, it is

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turning to non-Communist sources to fill its growing requirements for machinery. Peiping's purchases from the major industrial countries of Western Europe rose from about \$100,000,000 in 1956 to more than \$185,000,000 in 1957, while trade with the other free European countries remained at about the same level.

Peiping's purchases of industrial machinery, precision instruments, and chemicals from Western Europe continued to expand during 1957, although China's exports to this area failed to balance the trade. Purchases from West Germany, Peiping's chief West European trade partner, increased at least 50 percent over the 1956 level, while imports from Sweden--consisting entirely of China's initial purchases of mining and drilling equipment--increased by about 500 percent to \$26,000,000. A similar rise occurred in purchases from Switzerland, reflecting China's large imports of precision instruments.

New Chinese purchases of construction machinery and transportation equipment from France and increased imports of steel plates and synthetic fibers from Italy were responsible for the growth in trade with those areas. Peiping's imports of British machinery and wool tops rose only slightly last year. Only in the case

of the United Kingdom and Sweden did Communist China's exports expand.

The large import deficit in trade with Western Europe was offset during 1957 by sales in South and Southeast Asia and particularly by deliveries of foodstuffs to Hong Kong, where Peiping's sales amounted to \$175,000,000 more than its purchases from the colony. Despite increased purchases in the Indonesian and Malayan rubber markets, China's expanding exports of light manufactured goods to these areas, as well as to Thailand, kept trade balanced favorably for Peiping. Total Sino-Japanese trade declined about 20 percent compared with 1956, but China managed to continue exports of agricultural products and minerals and, by ending cement purchases, an important import commodity in 1956, maintained a creditor position.

Hong Kong and Japan continue to be China's leading trade partners outside the bloc, accounting for about \$350,000,000 worth in 1957. This trade, plus that with South and Southeast Asia, amounts to over 50 percent of China's total free world trade.

In connection with the Soviet bloc economic offensive in the Middle East, China more than doubled trade exchanges with Egypt last year.
(Prepared by ORR)

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JAPANESE NATIONAL ELECTIONS

The Socialists are expected to make some gains in the Japanese general elections on 22 May, but not enough to endanger conservative Liberal-Democratic control of the lower house. A Socialist advance of more than 20 seats, however, could lead

eventually to Prime Minister Kishi's replacement as government and party leader and stimulate a trend toward neutralism and closer relations with the Communist bloc.

Serious internal factionalism hampered Kishi's efforts

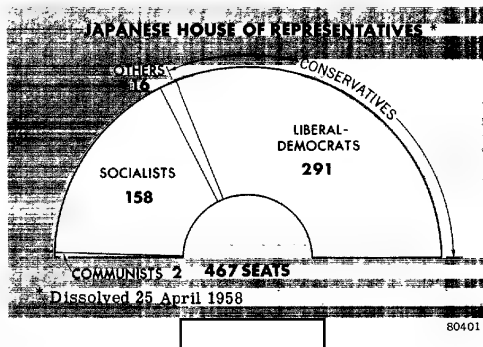
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to restrict the number of Liberal-Democratic candidates, and conservative independents could split the conservative vote, which would result in victories by Socialist candidates.

Kishi's failure to develop personal popularity is compelling conservative candidates to campaign on his record rather than his name. Domestically he has made progress in social welfare programs and in cur-



ailing leftist labor and education activities. Internationally he has achieved for Japan a greater "equality" in relations with the United States, membership on the UN Security Council, and increased trade with Communist China.

The Socialist party has increased its percentage of popular vote and representation

in the Diet in every election since 1949, and will have the advantage of disciplined labor support. Socialist demands for disengagement from the United States, recognition of Communist China, and other relations with Communist countries will have popular appeal. The party will also exploit Japanese irredentist sentiment over Okinawa and apprehension over nuclear testing and rearmament.

Socialist party gains of less than 12 seats would aggravate the cleavage between the right and left wings of that party to a degree that might undermine the present party leaders. On the other hand, significant Socialist gains would lead Kishi's rivals within the Liberal-Democratic party to challenge his leadership. In addition, a shift in the Liberal-Democratic factional alignment could weaken Kishi's position.

Moscow and Peiping have launched a virulent propaganda campaign against the Kishi government coupled with an implied endorsement of the Socialists. The Japanese, however, are sensitive toward outside interference in their affairs, and the Communist efforts, although exploiting important issues, could arouse Japanese resentment.

BURMESE GOVERNMENT SPLIT OVER PERSONAL RIVALRIES

The long-smoldering personal antagonism between Burmese Prime Minister U Nu and Deputy Prime Minister Kyaw Nyein has finally led to an open split in Burma's governing party, the Anti-Fascist

People's Freedom League (AFPFL). Should Deputy Prime Minister Ba Swe and perhaps other AFPFL leaders be unsuccessful in healing the rupture, the issue will be taken to Parliament, which is to meet in special

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KYAW NYEIN



U BA SWE



U NU

session on 5 June. At that time Kyaw Nyein will introduce a no-confidence motion against U Nu.

Observers in Rangoon unanimously believe the balloting will be very close and that the votes of the opposition--Communists and conservatives--will be the determining factor. Whichever faction wins, it will either have to form a minority government or coalesce with one or more of the opposition parties to obtain a majority. In either case, the consequences of the dissolution of the AFPFL would be a weaker government and greater political instability.

Basic government policies are not immediately at stake, as all major leaders of both

factions are committed to Burma's stand of friendship for the United States, anti-Communism, and neutrality in foreign affairs. Aware of the threat inherent in the U Nu - Kyaw Nyein split to their own interests and to the country, responsible Burmese spokesmen are urging the feuding leaders to bury their differences as they have in the past.

Ba Swe, in particular, can be expected in the next month to wield his great influence to effect a reconciliation between his two colleagues. He has indicated, however, that if the breach cannot be healed, he will side with Kyaw Nyein, thus breaking up the triumvirate which has governed Burma with considerable effectiveness since it became an independent country in 1948.

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JAGAN EXTENDS COMMUNIST INFLUENCE IN BRITISH GUIANA

Since his electoral victory of last August, Cheddi Jagan, long-time Communist leader of the People's Progressive party (PPP) in British Guiana, has followed moderate policies as minister of trade and indus-

try and leader of the colonial government. Along with his wife, Janet, however, he has at the same time exploited domination of the party's inner council to extend Communist influence throughout the party.

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The PPP ministers have taken great care to appear sensible and energetic in order to hasten the time when Britain will agree to grant complete self-government. They have not developed a comprehensive so-



CHEDDI JAGAN

cial and economic reform program, however, in line with the party policy that independence is required before major local problems can be adequately dealt with. Jagan, aware that his future political success depends on obtaining foreign aid to implement economic development, seems intent on avoiding any action which might adversely affect loan negotiations, principally with Britain and the United States.

The PPP, which has 10,000 party workers in a population of about 435,000, surpasses opposition parties in organization, membership, financial resources, and skilled leadership.

Cheddi Jagan's long-term potential for creating trouble in the Caribbean area is in-



JANET JAGAN

creased by the recent efforts of West Indies Federation politicians to obtain his adherence. The two principal parties in the new federation are nearly equal in legislative strength, each is trying to court Jagan's favor, and Jagan apparently intends to bargain further. If he should reverse himself and agree to join the federation soon, the 8 to 10 seats which British Guiana would add to the federal legislature would probably give Jagan the balance of power.

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GUATEMALANS DISILLUSIONED WITH NEW PRESIDENT

The Guatemalan public is fast becoming disillusioned with President Ydigoras, hardly two months after his inauguration. He has not provided the able leadership expected and has yet to tackle any major economic or political problem.

The heterogeneous group of voters which gave Ydigoras 39 percent of the votes--a plurality--in the January election had conflicting views as to the policies he would adopt, but most Guatemalans expected him to be a strong executive and able to govern resolutely.



YDIGORAS

Since becoming President on 2 March, however, Ydigoras has allowed the government to fall into virtual stagnation. [REDACTED]

In an effort to rally support and divert attention from his lack of action on domestic issues, he has exploited Guatemala's century-old claim to

British Honduras. This emotionally charged issue usually has the backing of all Guatemalans, but Ydigoras has been criticized by the press, which recognizes the diversionary nature of his tactics.

In Congress, where the pro-Ydigoras minority has been continually on the defensive and has shown little initiative or ability, the show is being stolen by the small but aggressive bloc of the leftist Revolutionary party (PR). The resurgent political left has made such gains in recent months, after three years of suppression, that many observers feel the PR would win overwhelmingly if elections were held now. The Communists, already quietly active in the PR's lower echelons, hope to gain increased influence during the party convention next month. Even if a struggle between the PR's moderate leaders and the pro-Communist faction should split the party, leftists will continue to enjoy almost ideal conditions for further gains, unless the administration demonstrates stronger leadership and adopts a program with popular appeal.

Growing disillusionment with Ydigoras and concern over resurgent leftist strength and possible Communist gains probably explain the fear of impending political instability noted in recent weeks among some political and military leaders and the general public. While no immediate threat to the regime is apparent, continuation of the present drift would imperil Ydigoras' chances of serving his full six-year term. [REDACTED]

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FRONDIZI'S FIRST MOVES IN ARGENTINA

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Having emphasized in his 1 May inaugural address the seriousness of Argentina's economic situation, President Frondizi expressed to Vice President Nixon his hope for American assistance, especially prompt government credits that would help encourage private investment.

Frondizi's first official step was to suspend the issuance of import permits pending an audit of the country's outstanding commitments and needs. He believes that both austerity and new foreign capital are required to halt Argentina's persistent trade deficit, which in 1957 amounted to \$340,000,000. He also stated bluntly that industrial capacity, especially electric power, transportation, and fuel, must be increased to avoid a further decline in the standard of living, and that local capital is insufficient for this purpose.

Frondizi told the Vice President that private capital could aid oil development through contracts--although not concessions--providing for reasonable profits. Oil imports alone cost Argentina some \$270,000,000 in 1957.

While Frondizi warned of the need to check inflation through expanded production, he said that emergency wage increases were necessary for labor. In view of growing pressure for wage increases, he apparently considers this step necessary in order to initiate his other plans. The illegal Peronistas and the legal Communist party will try to exploit labor discontent in efforts to win the forthcoming elections to reorganize the general confederation of labor. The Communists will be aided by their daily newspaper, which resumed publication on 2 May.

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THE EUROPEAN COMMON MARKET AND LATIN AMERICA

The recent offer of the six members of the European Common Market (EEC) members to set up permanent consultative machinery with various Latin American countries reflects the absence thus far of any real solution to the trade problems posed by the Common Market for underdeveloped countries generally. Many of these countries fear their exports to Europe will be curtailed when the tariff revisions of the Common Market take effect next January, since they will be competing

with the French and Belgian colonial territories of tropical Africa included in the new trading area.

The EEC countries have not spelled out in detail what they expect this special machinery to do, but they evidently feel it would provide a framework for adjusting the commercial and financial problems which may arise between the two areas. They also suggest the desirability of "common action" on such basic products as cocoa and

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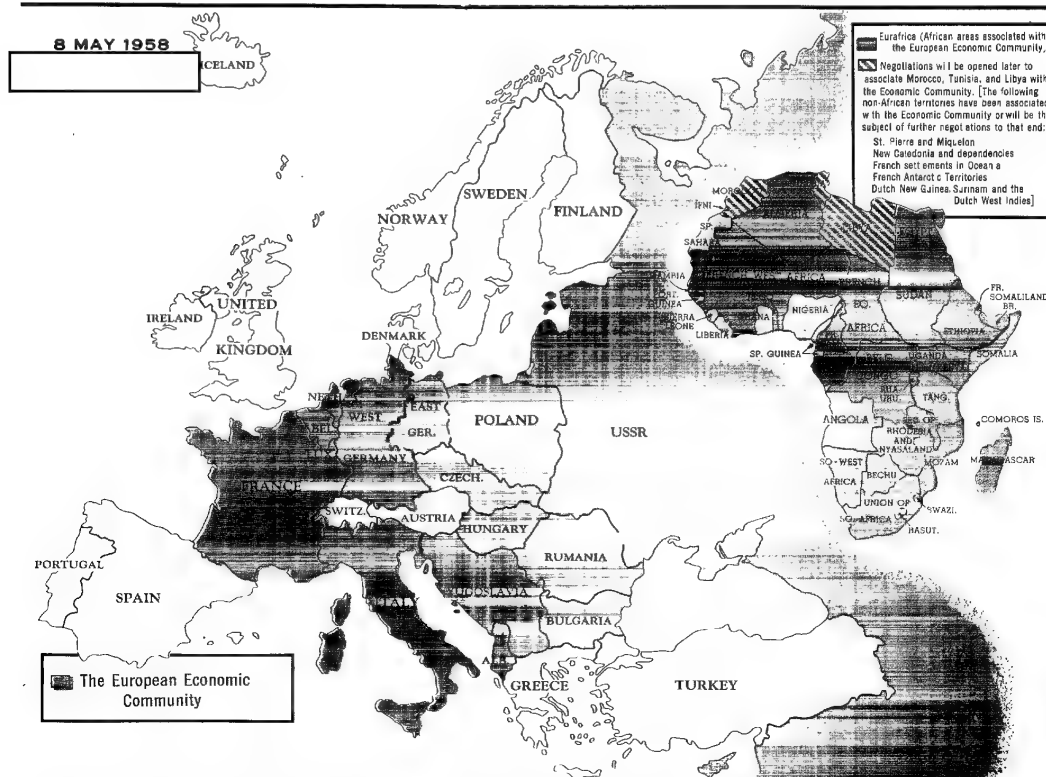
coffee, offer assurances that the development of their overseas territories will not preclude EEC investments in Latin America, and promise to support the development of a Latin American "common market" should this be desired. As bait, they hold out the prospect that the future trade expansion of the EEC "may, to a very large extent, take place in the direction of Latin America."

These proposals, if carried out, would share the benefits of the EEC with other countries and meet their legitimate complaints of possible trade damage. The EEC, however, may also be engaged in a maneuver to "split the opposition." In the recent hearings on the Common Market treaty by the contracting parties to GATT, provisions regarding the EEC's overseas territories in particular faced a barrage of criti-

cism from underdeveloped countries. By offering to satisfy the Latin Americans, the EEC may be hoping for their support in avoiding having to obtain a GATT waiver or GATT's setting up special supervisory machinery.

Whether the type of arrangement the EEC countries envisage would fully accord with GATT principles--such as extending "most-favored-nation" privileges to all--is also unclear. Ambassador Butterworth in Luxembourg believes there would be "no necessary conflict," but notes that its procedures would presumably be negotiated outside the GATT framework. There are thus implications of bilateralism in this kind of approach which, if applied to the EEC's commercial relations elsewhere, might have serious consequences for multilateral world trade.

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HAMMARSKJOLD'S INTERVENTION IN THE UN SECURITY COUNCIL

UN Secretary General Hammarskjold's intervention in the Security Council on 29 April on behalf of the American-proposed Arctic inspection plan is unlikely to affect in the long run his standing as an independent and impartial negotiator in world affairs.

Hammarskjold threw the weight of his office behind the Arctic inspection plan shortly after Soviet delegate Sobolev had brushed aside the plan as a "diversionary maneuver." Declaring he was speaking on behalf of the "peoples whose voice is reflected in the charter," the secretary general welcomed the plan and in effect called on Moscow to cooperate.

Although described as an unprecedented break in his much-publicized impartiality, the secretary general's move was in keeping with his past actions in interpreting his mandate under the UN Charter liberally. Hammarskjold, for example, intervened in a Security Council dispute on 30 October 1956 when he delivered a stinging rebuke to Britain and France for their invasion of Egypt.

Criticism of Hammarskjold's recent action by the USSR was immediate. Sobolev, at the 2 May meeting of the council, stated that the "joining of Mr. Hammarskjold's voice to the chorus of the representatives

of NATO...did not contribute to a strengthening of the authority of the secretary general." Pravda on 5 May accused Hammarskjold of wanting "to curry American favor" while suffering an "attack of absent-mindedness."

Other UN members approved the intervention. An Indian



HAMMARSKJOLD

delegate told Ambassador Lodge that "our views are precisely those expressed by the secretary general," and added that he was present when the Czech delegation pleaded with the Soviet delegation to find some way to accept the American plan, in view of Hammarskjold's statement.

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PART III

PATTERNS AND PERSPECTIVES

MIDDLE EAST MENACED BY DROUGHT AND LOCUSTS

The worst drought in over 20 years, accompanied by the heaviest locust infestation in over a decade, threatens to bring near-famine conditions in some countries of the Middle East this summer. Masses of locusts, several miles in extent, are moving across Saudi Arabia into Israel, Jordan, Iraq, Syria, Iran and even Turkey to menace what crops the drought has so far spared.

The over-all situation appears much the same in all countries affected, but local agricultural conditions and damage vary from country to country.

Israel

Exceptional dry, hot weather has caused a complete crop

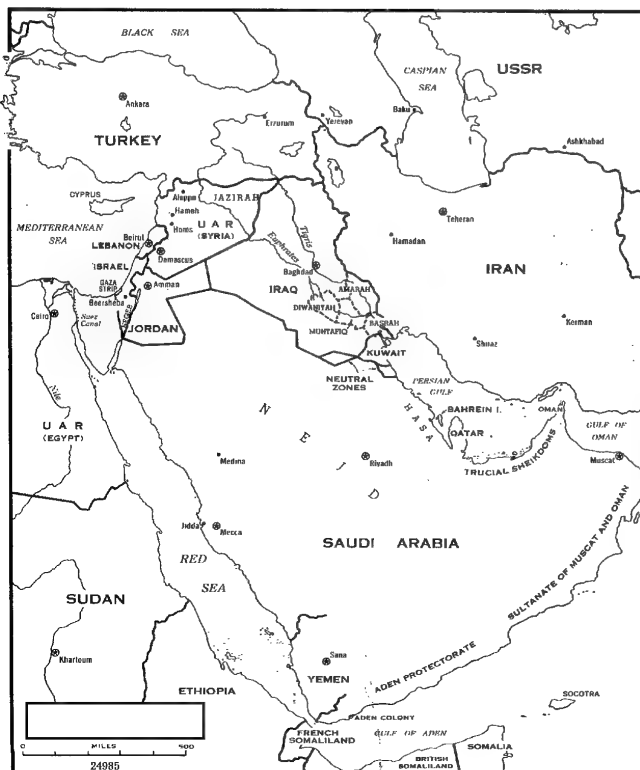
failure in the Negeb and poor crops elsewhere. Forty percent of Israel's hay and one third of its total grain crops--barley and wheat for the most part--are believed lost. The Negeb, which had 92,000 acres under cultivation for sorghum for cattle feed last year, has none this year. The shortage of water is expected to affect the vineyard and citrus industries as well.

Swarms of locusts from neighboring Saudi Arabia and Jordan are endangering crops in the Beersheba region. The plague is expected to last there until July.

Israel's foreign exchange and budgetary situation will be seriously strained as a result of the heavy loss of foodstuffs and forage. A large part of the Development Budget for Agriculture now is being used to indemnify farmers for their losses. Feed grains for the chicken and egg industry will have to be imported, probably from the United States.

Jordan

Famine conditions are predicted in Jordan this summer. Forty-five percent of the population is already affected by the long winter drought, which, according to the Jordanian Development Council, will result in a 70-percent crop loss, valued at approximately \$22,000,000, well over one third of the annual budget. Livestock is being rushed to market

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for lack of grazing, and animals are reported dying for lack of feed and water. The growing number of agricultural workers seeking other employment will have serious political repercussions should the government not be able to furnish them work. Welfare agencies are doubling their imports of flour to assist in feeding over 200,000 destitute persons beyond those normally aided.

Jordan has requested up to 20,000 tons of wheat and 30,000 tons of fodder from the United States, with 10,000 tons of wheat and 20,000 tons of fodder to be shipped as soon as possible. The peak of the need for livestock feed will occur in mid-July.

The implications of Jordan's distress have wide political ramifications. Iraq, Jordan's partner in the Arab Union, is reported to have 50,000 tons of wheat available for export, but for political and financial reasons, it is unwilling to send Jordan more than token quantities of wheat without payment. The Iraqis are already apprehensive that Jordan will be a financial drain. A gift of Iraqi wheat to Jordan might well strengthen opposition in Iraq to the Arab Union. While there have been some small Iraqi wheat sales to Jordan, price increases have stopped ordinary imports.

Iraq

Drought and locusts have struck Iraq's agriculture a double blow this year. In early April an exceptionally large invasion of locusts from Kuwait and Saudi Arabia damaged large areas in southern Iraq--the provinces of Basrah, Amarah, Muntafiq, and Diwaniyah. Up to 10,000 egg-infested acres of land in Kuwait have produced swarms of locusts that have flown into southern Iraq and in-

to Iran. Crops in northern Iraq have also been damaged considerably.

The Iraqi Ministry of Agriculture believes there is enough wheat and barley to meet the country's 1958 local requirements, but doubts whether there will be enough barley for export. In early April approximately 50,000 tons of wheat were available for export, but this amount may be reserved for internal consumption in view of the continued drought.

Syria

Syria, normally a major exporter of wheat, will have only a small export surplus this year--a surplus which will probably be reserved to meet Egypt's requirements. A combination of insufficient rainfall and warm weather has "burned" the barley crop in Syria's "breadbasket"--the Jazira--as well as the extensive dry-farming areas of wheat east of Homs, Hamah, and Aleppo. The Ministry of Agriculture believes this year's wheat crop may not exceed 50 percent of last year's and barley only 30 percent. In the eastern desert, 800,000 sheep are reported threatened by the drying up of watering places and the sparseness of grass.

Wheat prices are rising and many growers and dealers are hoarding substantial wheat stocks in anticipation of further price rises. The government's carry-over of last year's crop is believed sufficient to take care of domestic consumption should further crop losses occur, but commitments already made to export wheat, especially to Italy, may have to be filled from purchases in other countries, possibly the United States.

UAR President Nasir is reported seriously concerned that the crop situation in Syria will engender political difficulties

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there as well as put a further strain on Egypt's economy, which has anticipated importing much of Syria's wheat surplus. Egypt's purchases of Soviet wheat may have to be raised and foreign exchange holdings would be reduced considerably. The Egyptian Ministry of Supply has indicated that the UAR would like to import up to 500,000 tons of American wheat, 100,000 tons of corn, and 60,000 tons of tallow valued at about \$60,000.

Lebanon

A Syrian ban on grain exports will directly affect Lebanon, which imports about 75 percent of its wheat requirements. The bulk of Lebanon's needs in the past has been filled by Syria, with Italy, Germany, and the United States making up the difference. In 1957 Syria exported 60,000 tons of Lebanon's 75,000 tons of wheat and flour imports. In addition, agricultural production may have been reduced by three swarms of locusts three miles long and two miles wide which swept over Lebanon from Syria.

Saudi Arabia

Official data from Saudi Arabia is almost nonexistent,

but in mid-April all agricultural and most garden crops in the Nejd and Hasa areas were threatened with total destruction by the heaviest concentration of locusts in 14 years. In addition, the Saudi Locust Control Mission is ineffective and has no insecticides.

Locust Control Efforts

The United Nations Food and Agricultural Organization, as well as the United States, is making strenuous efforts to curtail the locust infestations. The greatest problem is the shortage of insecticides. Additional supplies are being sent to Turkey, Syria, Jordan, Iraq, and to the Egyptian Locust Control Mission in Yemen.

While drought and plagues have in the past been part of the Middle Eastern way of life, the present disaster comes at a time when many people in the area have come to expect better things and to believe that the world community owes them relief and assistance. Political capital may well be made from this situation, both by local agitators and outside forces.

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ITALY'S NATIONAL ELECTIONS

The Italian national elections on 25 and 26 May are expected to produce no major shift from the results in 1953, when the center parties barely obtained a majority in Parliament. There appears little doubt that the Christian Democratic party will continue as the leading party, although it will still be unable to form a majority gov-

ernment by itself, and that the Communists and Nenni Socialists together will retain the support of about a third of the electorate. Because of this continuing need for allies in the face of an increased loosening of party ties, the relative showings of factions within the parties may be the most important aspect of these elections.

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Both a new Senate and a Chamber of Deputies are to be elected, President Gronchi having dissolved the Senate a year ahead of time in order to hold simultaneous elections for both houses. Separate electoral laws govern the voting for each. The Trieste area, which was part of an independent territory in previous elections, will for the first time run candidates --but for the lower house only.

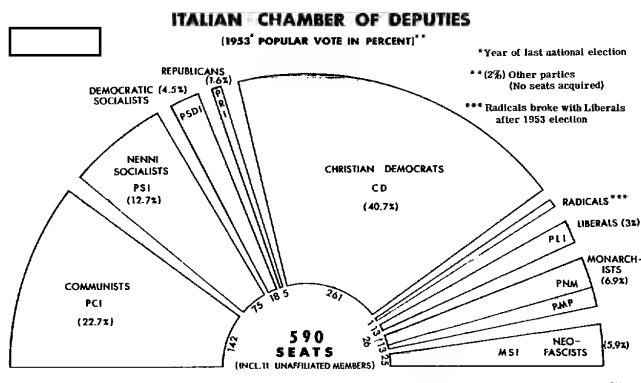
An electoral trend to the left following the 1948 national elections showed up in the second national elections of 1953. The last nationwide local elections in 1956 showed gains over 1953 for both Socialist parties--which were discussing reunification at that time--and for the small, conservative Liberal party, with losses for the Communists and the Christian Democrats.

Following the 1953 elections, five premiers tried but were unable to hold the government coalition together, and it collapsed in 1957, when the present minority Christian Democratic government was formed.

New Factors

For the first time in a postwar national election each of the major parties is in effect campaigning alone. On the left, the Nenni Socialists are running without a Communist unity-of-action pact, although with joint lists in three of the nineteen electoral regions for the Senate, whose electoral law favors the largest parties. In the center, increased differences among the former members of the coalition government have ruled out pre-election coalition planning. The right-wing parties are weak and divided.

The question of new party alliances is in various cases a point of dispute between factions within a given party; hence, the relative showing of these factions may have far-reaching political consequences, including the determination of the nature and



strength of the next government.

Another new factor is the emergence of younger leaders in a number of the parties--the 50-year-old Amintore Fanfani of the Christian Democrats, the Communists' 51-year-old Giorgio Amendola, Nenni Socialist Dario Valori, 33, and Democratic Socialist Matteo Matteotti, 37. Each is in some degree a controversial figure within his own party, and the personal showing of each is likely to have important effects on party policy.

The new electoral law for the Chamber of Deputies comes closer to proportional representation than the law used in 1953, and will tend to benefit the smaller parties as against the Christian Democrats and the Communists, the two big parties.

New issues are hard to find. The election is being fought mainly on the Christian Democratic record during its ten years of power. The anti-clerical issue was revived early

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this year by the court conviction of the bishop of Prato for defaming the characters of a couple who refused a church wedding. Vatican leaders have subsequently criticized the Christian Democratic party as the responsible governing group, but bishops throughout Italy have rallied to its support during the later stages of the campaign.

Many of the anticipated gains and losses from such factors may cancel each other out. The Prato case, for example, may turn some anticlerical Christian Democrats to the Democratic Socialists, but these defections could be balanced by votes gained because of the divisions between the Monarchist parties. The effects of the new electoral law may merely compensate for the superior organization of the two big par-



FANFANI

ties, which was in part responsible for the slight Christian Democratic and Communist gains in local elections during 1957.

Christian Democratic Outlook

As a huge amorphous party which includes all shades of public opinion, the Christian Democrats are battling to hang on to their left-center following and, at the same time, to

take votes from the Liberals and Monarchists on their right. Their greatest electoral asset is Italy's relative prosperity. Another is the effectiveness of the party organization. These have been improved and coordinated throughout Italy under the direction of the dynamic Fanfani, who was appointed party secretary in 1954 and is a likely postelection premier.

Fanfani's slightly left-of-center faction has increased its control of the party's governing bodies and apparently has been able to purge various representatives of other factions from the electoral lists. There seems to be a struggle, however, between Fanfani and Catholic Action elements in the party who construe some of his remarks to mean that a subsequent Christian Democratic government might be willing to rely on Nenni Socialist support if an acceptable formula for cooperation can be worked out.

Communist Prospects

The Communist party has lost members and suffered divisions among its leaders because of its inability over the years to influence government policy significantly, the repercussions of the Soviet 20th party congress, and events in Hungary and Poland. It remains, however, the second largest and probably the best organized party in Italy.

Provided with substantial campaign funds from the Soviet Union and not yet confronted by a strong Socialist competitor, it is still in a good position to hold the support of Italy's discontented masses. It will have appeal to the voters because of its objection to missile bases in Italy and charges of Christian Democratic clericalism and corruption, and because of the regime's failure to reduce unemployment and distribute more of the country's wealth in

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the south. Some of the party's internal weaknesses also have been overcome by the purge of a large number of "unsafe" candidates from the electoral lists.

The Nenni Socialist party, the third largest vote getter in Italy, is in a greater state of flux than any other party. At present it seems to have

Luigi Longo, the number-two man who has been replacing the ill and aging Togliatti, appears to be holding closer to the Moscow line, particularly in the recent polemics with the Nenni Socialists, and this may cause the Communists to lose some voter support to the Socialists, as in 1956. On balance, the Communist party is expected to lose some votes in the north and gain some in the south and thus hold its own or end up with only slightly fewer votes than in 1953.



AMENDOLA



LONGO

The Divided Socialists

Both the Italian Socialist party of Pietro Nenni and the

three principal factions. Nenni and his group want some form of reunion with the anti-Communist Democratic Socialist party. On the other hand, Sandro Pertini and a number of other influential members are philo-Communists. A third group--

young party officials, such as Dario Valori--see reunification with the Democratic Socialists as a threat to their own rise to power and also fear that too rapid a move to an anti-Communist position would cut the party off from worker support.



SARAGAT



NENNI

Democratic Socialist party of Giuseppe Saragat are troubled by financial difficulties and divided over the question of cooperation with parties to their right and left.

of independence, including the turndown of a Communist "ultimatum" that the unity-of-action pact be revived. The Socialist party has opposed the establishment of missile bases in Italy,

As a result, the party's position in the electoral campaign has wobbled between its earlier hints at rapprochement with the Communists and its more recent assertions

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but it has also continued to criticize the Soviet system. Like the Democratic Socialists, it favors a neutral zone in central Europe. Its vote-pulling power in this election is uncertain, but Communist party leaders reportedly fear both Socialist parties will register gains, thereby accelerating Socialist reunification.

The independent press claims that in this election the Nenni Socialists are favored also by the adherence to their party of two left-wing groups, the Italian Social Union and Popular Unity, which polled 400,000 votes in 1953.

The Democratic Socialist leadership appears divided down the middle. The principal left wing, under Matteo Matteotti, and another left-wing faction, under Mario Zagari, favor reunification with the Nenni Socialists and formation of a "loyal opposition" in Parliament, but party leader Saragat's group has tended to favor cooperation with a Christian Democratic government, unless the Nenni Socialists agree to reunification on Saragat's terms. Campaign utterances--even of Saragat himself--have, however, reflected both views, and it appears that the party will have another try at reunification after the elections.

In the 1956 local elections, the Democratic Socialists showed gains for the first time in some years, and they

may attract support in this election from some anticlerical Christian Democrats and--because of Matteotti's position--from some Nenni Socialist followers who want to strengthen the right wing of any reunified Socialist party.

The Center and Right

The small Republican party has allied itself with the even smaller Radical party--a 1954 splinter group of Liberals--hoping without much justification to stem the long-evident trend away from the small center parties.



MATTEOTTI



VALORI

On the right, the two monarchist parties and the neofascists are weak and divided and are expected to lose votes, although such individuals as Achille Lauro, 71-year-old mayor of Naples, may make a strong showing in some areas. Some of their former support may go to the small but well-financed Liberal party, which represents business interests; the Christian Democrats may also attract some of this support.

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